Erie County Gaming Revenue Authority

Single Audit

Year Ended March 31, 2026
with Independent Auditor's Reports

MaherDuessel

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ERIE COUNTY GAMING REVENUE AUTHORITY

YEAR ENDED MARCH 31, 2026

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Independent Auditor's Report

Board of Directors
Erie County Gaming Revenue Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Erie County Gaming Revenue Authority (Authority), a component unit of the County of Erie, Pennsylvania as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of March 31, 2026, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
July 20, 2026

ERIE COUNTY GAMING REVENUE AUTHORITY

STATEMENT OF NET POSITION

MARCH 31, 2026

Assets		
Current assets:		
Cash and cash equivalents	$	5,366,396
Certificates of deposit		15,748,948
Prepaid expenses		17,404
Notes receivable		654,523
Total current assets		21,787,271
Noncurrent assets:		
Notes receivable, net		5,476,178
Total Assets	$	27,263,449
Liabilities and Net Position		
Current liabilities:		
Unearned revenue	$	318,377
Accrued compensated absences		59,132
Total liabilities		377,509
Net Position:		
Restricted - economic development		26,885,940
Total Liabilities and Net Position	$	27,263,449

See accompanying notes to financial statements.

ERIE COUNTY GAMING REVENUE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED MARCH 31, 2026

Operating Revenues:		
Gaming revenue	$	7,058,350
Governmental grants		2,652,514
Recovery of provision for uncollectible notes		3,731
Interest income - note receivable		216,032
Total operating revenues		9,930,627
Operating Expenses:		
Economic Development:		
Grants awarded		8,478,870
Employee costs		366,811
Professional fees		72,534
Office space		21,565
Marketing and communications		10,339
Office expenses		16,073
Data processing		14,853
Insurance		18,682
General and meeting		9,161
Total operating expenses		9,008,888
Operating Income (Loss)		921,739
Nonoperating Revenues (Expenses):		
Interest income		745,894
Change in Net Position		1,667,633
Net Position:		
Beginning of year		25,218,307
End of year	$	26,885,940

See accompanying notes to financial statements.

ERIE COUNTY GAMING REVENUE AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2026

Cash Flows From Operating Activities:		
Cash received from gaming revenue	$	7,058,350
Cash received from governmental grants		250,000
Cash received from borrowers		216,032
Cash received from recoverability from borrowers		1,018,654
Cash loaned to borrowers		(1,000,000)
Cash paid to employees and for employee benefits		(337,245)
Cash paid as grant awards		(8,478,870)
Cash paid for operating expenses		(163,020)
Net cash provided by (used in) operating activities		(1,436,099)
Cash Flows From Investing Activities:		
Interest income		230,583
Purchase of certificates of deposit		(5,967,129)
Net cash provided by (used in) investing activities		(5,736,546)
Net Increase (Decrease) in Cash and Cash Equivalents		(7,172,645)
Cash and Cash Equivalents:		
Beginning of year		12,539,041
End of year	$	5,366,396
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by (Used in) Operating Activities:		
Operating income (loss)	$	921,739
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Recovery of provision for uncollectible notes		(3,731)
Change in operating assets and liabilities:		
Prepaid expenses		187
Notes receivable		18,654
Compensated absences		29,566
Unearned revenue		(2,402,514)
Total adjustments		(2,357,838)
Net cash provided by (used in) operating activities	$	(1,436,099)

See accompanying notes to financial statements.

ERIE COUNTY GAMING REVENUE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2026

1. General Information

The Erie County Gaming Revenue Authority (Authority) was established in February 2008. The Authority was formed pursuant to the provisions of the Economic Development Financing Law, the Pennsylvania Race Horse Development and Gaming Act, and the Home Rule Charter of the County of Erie (County). The purpose of the Authority is to administer municipal grants and otherwise perform the functions of the County's Economic Development Authority.

The Authority's Board of Directors (Board) consists of nine Board members. Two of the members are ex-officio, non-voting members, namely, the Chairman of County Council, and the County Executive or designee. The remaining members consist of one resident from each of the seven districts within the County who shall be appointed by the County Executive with the consent of County Council.

Under the guidelines for determining the definition of the reporting entity, the Authority has been determined to be includable as a component of the County, the primary government. These financial statements reflect only that portion of the activities and transactions that are attributable to the Authority. The accounts and operations of the County are addressed in separate general purpose financial statements.

The Authority is dependent on gaming revenues generated from the Presque Isle Downs and Casino and federal grant funds. These revenues are passed on to the Authority from the County as restricted funds.

2. Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority is considered a special purpose government entity operating a single government program. Non-operating revenue and expenses consist of those revenues and expenses that are related to the financing and investing type of activities.

Net Position

The Authority only reports restricted net position which represents constraints placed on net position used through external restrictions, reduced by liabilities related to those assets. The Authority's net position is restricted for economic development grants and loans. Of the total restricted net position, approximately $6.1 million represents notes receivable (net) from various borrowers as described in Note 5, and approximately $2.7 million represents grant funding committed via award agreements but not yet spent. The remaining funds are restricted by the County for economic development.

The Authority's policy is to use funds in the order of the most restricted to the least restrictive.

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, as well as demand deposits in checking and savings accounts and investments with maturities of three months or less at a local financial institution.

Certificates of Deposit

The Authority has certificates of deposit, which are reported in the accompanying statement of net position at cost plus accrued interest. These certificates of deposit are insured by FDIC or are collateralized in accordance with Pennsylvania Act 72 of 1971. The certificates of deposit are summarized below:

Interest Rate	Maturity Date	Amount
3.99%	May 2, 2026	$ 2,141,755
3.70%	May 28, 2026	2,153,800
3.55%	September 15, 2026	1,065,521
3.80%	September 15, 2026	2,139,712
4.18%	June 2, 2026	2,063,182
3.80%	November 26, 2026	4,184,518
3.75%	March 31, 2027	2,000,460
		$ 15,748,948

Notes Receivable

As described in Note 5, the Authority has issued various economic development related notes. Notes receivable are written off when they are determined to be uncollectible. It is the Authority's policy to provide for future losses on notes based on an evaluation of the current portfolio, current economic conditions, and such other factors which, in the Authority's judgement, may impact collectability for specific notes. While management uses available information to recognize losses on notes receivable, future additions to the allowance may be necessary based on changes in economic conditions. The allowance for uncollectible notes totaled $1,573,822 as of March 31, 2026. As of March 31, 2026, one note receivable was in default. Management considered the collectability of this note in estimating the allowance for uncollectible notes.

From time to time, the Authority awards convertible loans to organizations ("Awardee") which are required to loan those funds to third parties ("Recipient"). If the Recipient defaults on the loans to the Awardee, the Authority's loan to the Awardee converts to a grant. If the Recipient pays the loan back to the Awardee, the Authority will continue to receive its payments from the Awardee. Based on the convertible nature of these provisions, the Authority recognizes these awards as grants, since the likelihood of receiving

funds cannot be determined, nor can they be quantified, at the time the grants are awarded.

Unearned Revenue

The Authority received grant funding from the American Rescue Plan Act of 2021 (ARPA) in the amount of $4,000,000 during the 2022 fiscal year. Approximately $68,000 of ARPA funds are included in unearned revenue at March 31, 2026. The Authority received a $250,000 matching grant during fiscal year 2026 from the Commonwealth of Pennsylvania. The totality of this grant is included in unearned revenue as no funds have been spent during the fiscal year. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue as of March 31, 2026. Unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting.

Compensated Absences

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The Authority's policy permits employees to accumulate earned but unused vacation and sick leave benefits which are eligible for payment at the employee's current pay rate upon separation from employment. The liability for compensated absences is recorded as incurred in the financial statements.

Gaming Revenue

Gaming revenue is derived from casino gaming activity and is remitted to the Authority by the County of Erie for economic development purposes. Amounts are recognized as nonexchange revenue in accordance with applicable governmental accounting guidance. The Authority recognizes gaming revenue based on the allocation remitted by the County for the applicable period. Beginning in fiscal year 2026, management performs an annual reconciliation of gaming revenue amounts with the County. During fiscal year 2026, the Authority received a retroactive reconciliation payment from the County related to gaming revenue from a prior period, which was recognized in the current year.

Risk Management and Contingencies

The Authority is exposed to various risks of loss related to torts (mitigated through the Pennsylvania Political Subdivision Tort Claims Act), theft of, damage to and destruction of assets; error and omission, and natural disasters for which the Authority carries commercial insurance. There have been no significant changes in insurance coverage since the prior year.

The Authority receives federal and state funding that may be subject to audit from funding agencies. Applicable laws and regulations are complex and subject to interpretation and as a result an audit could lead to disallowed costs. The Authority's management believes that audits of existing programs will not result in any significant liabilities to the Authority.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adopted Pronouncements

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, for the year ended March 31, 2026. Adoption of this Statement did not have a significant impact on the Authority's financial statements for the current year.

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

3. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of March 31, 2026, $2,684,450 of the Authority's bank balance of $5,373,635 was collateralized with securities held by the pledging financial institution and $2,689,185 was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining balance is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits include amounts with a book balance as of March 31, 2026 of $5,366,396, which are reported as cash and cash equivalents in the statement of net position.

4. Irrevocable Gifts to Erie Community Foundation

The Authority has entered into an irrevocable gift agreement with the Erie Community Foundation (ECF). This fund is under the control of the ECF and subject to their policies and as such, is not recorded on the books of the Authority. The market value of this fund as reported by the ECF as of March 31, 2026 was approximately $16.7 million. A donor designated fund, called the Lead Asset Endowment Fund, was established to perpetually provide financial assistance to organizations designated by the settlement dated December 13, 2010 (Erie County Lead Regional Assets). During the fiscal year, $613,061 in distributions from this fund were awarded directly to Erie County Lead Assets.

5. Notes Receivable

On September 13, 2012 and August 13, 2013, the Authority entered into loan agreements with the Enterprise Development Fund of Erie County, Inc. (Fund) for $500,000 and $800,000, respectively. The purpose of the loan was to provide loans to various entities in the County area to create and retain jobs. In March 2018, the loans were restructured and combined into one loan agreement. The loan agreement requires quarterly interest-only payments at a rate of 1% per annum, until March 31, 2028. The loan has an outstanding principal balance of $1,300,000 as of March 31, 2026. The Authority was notified in 2016 that an entity related to the Fund, The Greater Erie Industrial Development Corporation (GEIDC), filed for Chapter 7 bankruptcy. The management of the Fund was transferred to

another entity in Erie and has been stabilized. The bankruptcy of GEIDC has not impacted the collectability of the loan. The Fund is current on the quarterly interest-only payments.

In January 2016, the Authority entered into a loan agreement with Bridgeway Capital for $1,000,000. The purpose of the loan was to create the Erie Growth Fund. The loan requires interest-only quarterly payments at a rate of 3% per annum. The entire principal was paid in January 2026.

In April 2017, the Authority entered into a loan agreement with The Progress Fund for $1,000,000. The purpose of the loan was to provide capital to rural businesses that create jobs and invest in Erie County. The loan requires interest-only quarterly payments at a rate of 2% per annum. The entire principal is due December 2027. The loan has an outstanding principal balance of $1,000,000 as of March 31, 2026.

In December 2017, the Authority entered into a loan agreement with 1855 Capital Fund for $500,000. The purpose of the loan was to provide capital to technology-based businesses that create jobs and invest in Erie County. Minimum Interest, as that term is defined in the loan agreement, is due to the Authority semiannually. Outstanding Minimum Interest, Fixed Interest, Participating Interest, and Principal are due on the Maturity Date, as that term is defined in the loan agreement. The entire principal is due December 2027. The loan has an outstanding principal balance of $500,000 as of March 31, 2026.

In September 2018, the Authority entered into a loan agreement with Bridgeway Capital for $2,500,000. The purpose of the loan was to create the Erie Inclusive Fund. The loan requires interest-only quarterly payments at a rate of 1% per annum. The entire principal is due December 2028. The loan has an outstanding principal balance of $2,500,000 as of March 31, 2026.

In January 2019, the Authority entered into a loan agreement with Blue Highway Capital for $250,000. The purpose of the loan was to provide capital to rural businesses throughout Erie County. Minimum Interest, as that term is defined in the loan agreement, is due to the Authority semiannually. Outstanding Minimum Interest, Fixed Interest, Participating Interest, and Principal are due on the Maturity Date, as that term is defined in the loan agreement. The entire principal is due in January 2029, unless extensions are exercised. The loan has an outstanding principal balance of $250,000 as of March 31, 2026.

In March 2020, the Authority entered into a loan agreement with Bridgeway Capital to develop two separate coronavirus COVID-19 emergency loan funds one to provide loans to small businesses within Erie County that have demonstrated actual negative economic

impact due to effects of coronavirus COVID-19 in the amount of $520,000, and one to provide loans to small Erie County nonprofit organizations for the purpose of providing the nonprofit organization with resources to aid in their mission based on local response to the pandemic in the amount of $100,000. The loan bears zero interest. The entire outstanding balance is due in October 2026. The loan has an outstanding principal balance of $574,671 as of March 31, 2026.

In August 2020, the Authority entered into a loan agreement with Erie Center for Arts & Technology for $500,000. The purpose of the loan was to rehabilitate Wayne School building in support of workforce development, educational, and healthcare programming anchoring a distressed neighborhood. Minimum Interest, as that term is defined in the loan agreement, is due to the Authority quarterly. Outstanding Minimum Interest, Fixed Interest, Participating Interest, and Principal are due on the Maturity Date, as that term is defined in the loan agreement. The entire principal is due in August 2027, unless extensions are exercised. The loan has an outstanding principal balance of $500,000 as of March 31, 2026.

In January 2022, the Authority entered into a loan agreement with Youth Leadership Institute of Erie (YLI) for $188,000. The purpose of the loan was to create the Community Enterprise Financing Loan as a funding stream to make mission-related investments within Erie County for the purpose of assisting established community-based entrepreneurs that do not have access to available bank financing to provide upfront and startup capital to fund startup costs related to the receipt of a grant or service contract to provide a community enriching program. The Authority has designed this program as a means for gap financing, as banks often require collateral to make lines of credit available, leaving small budget or undercapitalized organizations no alternatives but to use high-interest loans. This is a zero-percent interest rate loan with an original maturity date of February 2023. Subsequent to the original maturity date, the Authority and YLI agreed to extend the maturity date until approximately June 2025. In December 2025, the Authority and YLI amended and restated the note. YLI is required to make monthly payments with a maturity date of December 2028. The loan has an outstanding principal balance of $79,852 as of March 31, 2026.

In January 2026, the Authority entered into a $1,000,000 loan agreement with the Erie County Redevelopment Authority to establish the Main Street Impact Fund, a comprehensive economic and community development fund designed to launch small business loans in Erie County, complemented by business, entrepreneurial, and technical assistance services. Interest-only payments are due on the first and second anniversaries of the closing date. The loan bears interest at 1% per annum. Thereafter, the Erie County Redevelopment Authority is to pay $42,446 annually of principal and interest for a period of

27 years. All outstanding principal and interest are due on February 1, 2059. The outstanding principal balance was $1,000,000 as of March 31, 2026.

6. Defined Contribution Benefit Plan

The Authority established a defined contribution Benefit Plan (Plan), which is administered by Pennsylvania Municipal Retirement System (PMRS), on January 1, 2021. All employees of the Authority are required to participate in the Plan. Members are eligible for retirement at 65 years of age or early retirement at 60 years of age with the benefit being actuarially reduced for each year or partial year prior to the attainment of age 65. The Authority contributes 8% of each member's compensation. Contributions made from April 1, 2025 through March 31, 2026 by the Authority were $19,620.

SUPPLEMENTARY INFORMATION

ERIE COUNTY GAMING REVENUE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2026

Federal Grantor/Pass-Through Grantor/Project Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury:				
Passed through the County of Erie:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	$ 2,652,514	$ 995,538
Total U.S. Department of Treasury			2,652,514	995,538
Total Expenditures of Federal Awards			$ 2,652,514	$ 995,538

See accompanying notes to schedule of expenditures of federal awards

ERIE COUNTY GAMING REVENUE AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2026

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Erie County Gaming Revenue Authority (Authority), under programs of the federal government for the year ended March 31, 2026. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected to not use the de minimis indirect cost rate allowed under the Uniform Guidance.

Erie County Gaming Revenue Authority

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended March 31, 2026

MaherDuessel

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Erie County Gaming Revenue Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Erie County Gaming Revenue Authority (Authority), as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
July 20, 2026

MaherDuessel

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Erie County Gaming Revenue Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Erie County Gaming Revenue Authority (Authority)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2026. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2026-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
July 20, 2026

ERIE COUNTY GAMING REVENUE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2026

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiencies identified that are not considered to be material weakness(es)?
   ☒ yes ☐ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☒ yes ☐ no

7. Major Programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds

8. Dollar threshold used to distinguish between type A and type B programs: $1,000,000

9. Auditee qualified as low-risk auditee? ☐ yes ☒ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

ERIE COUNTY GAMING REVENUE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2026

III. Findings and questioned costs for federal awards

Finding: 2026-001 - Internal Control over Financial Reporting - Allowable Costs
U.S. Department of Treasury Passed Through the County of Erie
COVID-19: Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027
Allowable Costs

Condition: During our testing of disbursements charged to the major program, we noted that disbursements totaling approximately $540,000 out of approximately $1,526,000 of Educator Retention Awards were not formally approved by the Board in accordance with the Authority's established control procedures. Although the disbursements tested appeared to meet the applicable compliance requirements, the required Board approval did not occur.

Criteria: A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. In addition, costs charged to a federal award must be necessary and reasonable for the performance of the federal award, conform to applicable limitations, be consistently treated, and be adequately documented. In accordance with 2 CFR 200.303, the Authority is required to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the Authority is managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the award. The Authority's established control procedures require formal Board approval of disbursements.

Cause: The control requiring formal Board review and approval of disbursements did not operate consistently during the year. Management did not ensure that evidence of approval was obtained and retained for all applicable disbursements charged to the major program.

Effect: Because formal approval was not documented for a significant portion of disbursements, the Authority lacked evidence that disbursements charged to the major program were reviewed and approved in accordance with established control procedures. This increased the risk that unallowable or otherwise noncompliant costs could be charged to the major program and not be prevented, or detected and corrected, on a timely basis. We did not identify questioned costs, as the disbursements tested appeared to meet the applicable compliance requirements.

Questioned Costs: None

Repeat Finding: No

Recommendation: We recommend that management implement procedures to ensure all disbursements charged to federal programs are formally reviewed and approved by the Board, or by a properly designated approver, and that such approval is evidenced in writing and maintained with the

supporting disbursement documentation. Management should also implement a monitoring procedure to identify any disbursements processed without timely approval and ensure corrective action is taken.

Views of Responsible Official and Planned Corrective Action: Management agrees with the finding. See separate Corrective Action Plan.

ERIE COUNTY GAMING REVENUE AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No Single Audit in the Prior Year